

Title 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 111—Sales/Use Tax—Machinery and Equipment Exemptions

PROPOSED RULE

12 CSR 10-111.101 Items Used or Consumed by Commercial Printers, as Defined in Section 144.054, RSMo.

PURPOSE: Section 144.054.2, RSMo, exempts from state tax, but not local tax, machinery, equipment, materials and chemicals used or consumed in manufacturing, processing, compounding mining or producing any product or used in research and development related to manufacturing. This rule explains the taxation rules for commercial printers and what elements must be met to qualify for these exemptions.

*EMERGENCY STATEMENT: The director finds that there is an immediate danger to the public welfare, which can only be addressed through this emergency rule. This emergency rule is necessary to ensure public awareness and to preserve a compelling governmental interest requiring an early effective date in that the emergency rule informs the public of new sales tax exemptions that are available to various sellers and their customers as a result of enactment of TAFP CCS HCS SB 30 by the 94th Missouri General Assembly. These exemptions are effective August 28, 2007, and taxpayers need guidance regarding how these statutory changes impact them. A proposed rule, which covers the same material, is published in this issue of the **Missouri Register**. The scope of this emergency rule is limited to the circumstances creating the emergency and complies with the protections extended in the **Missouri and United States Constitutions**. The director believes this emergency rule is fair to all interested persons and parties under the circumstances. This emergency rule filed Aug. ____, 2007, effective Aug. 28, 2007, expires Feb. 23, 2008.*

(1) In general, purchases of machinery, equipment, materials and chemicals used or consumed by a printer in the production process are exempt from state tax and local use tax, but not local sales tax.

(2) Definition of Terms. See Definition of Terms in 12 CSR 10-111.010 Machinery and Equipment Exemptions.

(3) Basic Application of Tax.

(A) Purchases of material and supplies used in the printing process that do not blend with the ink are exempt from state tax and local use tax, but not local sales tax, including, anti-static products used to reduce static on the printed product; chemicals used to clean the presses and color wax used for layout purposes.

(B) Chemicals to develop the film and plates are exempt from state tax and local use tax, but not local sales tax. Chemicals exempt from state, but not local tax include chemicals used on plates to desensitize the plates and to prevent them from oxidizing, developers, replenishers, finishers, fixers, store gum and plating solution.

(C) Perforation devices consumed in a single production cycle are exempt from state tax, but not local tax as machinery and equipment used or consumed in the printing process. Proof paper and phototypesetting paper are also exempt from state tax, but not local tax as machinery and equipment used or consumed in the printing process. Mineral spirits used as a solvent to clean brushes, over spray and equipment are exempt from state tax and local use tax, but not local sales tax even when used as a cleaning solvent separate from the ink.

(4) Example.

(A) A commercial printer purchases, phototypesetting paper, developer chemical for plates, film (which does not become the property of the customer) and press cleaning solvent that is not mixed with ink. All these items are exempt from state tax and local use tax, but not local sales tax as materials used or consumed in producing a product.

AUTHORITY: section 144.270, RSMo 2000 **and CCS HCS SB 30, enacted by the 94th General Assembly, 2007.** Original rule filed Oct. 11, 2001, effective April 30, 2002. Emergency rule filed Aug. ____, 2007, effective Aug. 28, 2007, expires Feb. 23, 2008. Original rule filed Aug. ____, 2007.

PUBLIC COST: *This proposed rule will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.*

PRIVATE COST: *This proposed rule will not cost private entities more than five hundred dollars (\$500) in the aggregate.*

NOTICE TO SUBMIT COMMENTS: *Anyone may file a statement in support of or in opposition to this proposed rule with the Missouri Department of Revenue, Legal Services Division, Governmental Affairs Bureau, PO Box 475, Jefferson City, MO 65105-0475. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.*